

PUBLIC DISCLOSURE

NOVEMBER 14, 2000

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

SOUTHBRIDGE CREDIT UNION

205 MAIN STREET
SOUTHBRIDGE, MA 01550

DIVISION OF BANKS
ONE SOUTH STATION
BOSTON, MA 02110

<p>NOTE: This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **SOUTHBRIDGE CREDIT UNION** prepared by the Massachusetts Division of Banks, the institution's supervisory agency.

INSTITUTION'S CRA RATING: This institution is rated " High Satisfactory "

This rating is based on the credit union's performance under the five criteria for small institutions. Southbridge Credit Union's net loans to share and deposits ratio averaged 64.4% for the period December 31, 1998 through September 30, 2000 and meets the standards for satisfactory performance. An analysis of the credit union's residential and consumer loans granted indicate that a majority of these loans (by number and dollar amount) were inside the assessment area. The credit union meets the standards for satisfactory performance for this category. The credit union extended 35.5 percent of its residential loans to low and moderate income borrowers and exceeds the aggregate in extending loans to these income groups. The credit union exceeds the standards for satisfactory performance for this category. The credit union also demonstrates a good distribution of lending among census tracts of different income levels and was also found to have performed better than the aggregate in this regard. The credit union exceeds the standards for satisfactory performance for this category. Finally, the credit union's record of implementing and developing fair lending policies and practices meets the standards for satisfactory performance, as no discriminatory practices were noted and no CRA-related complaints were received.

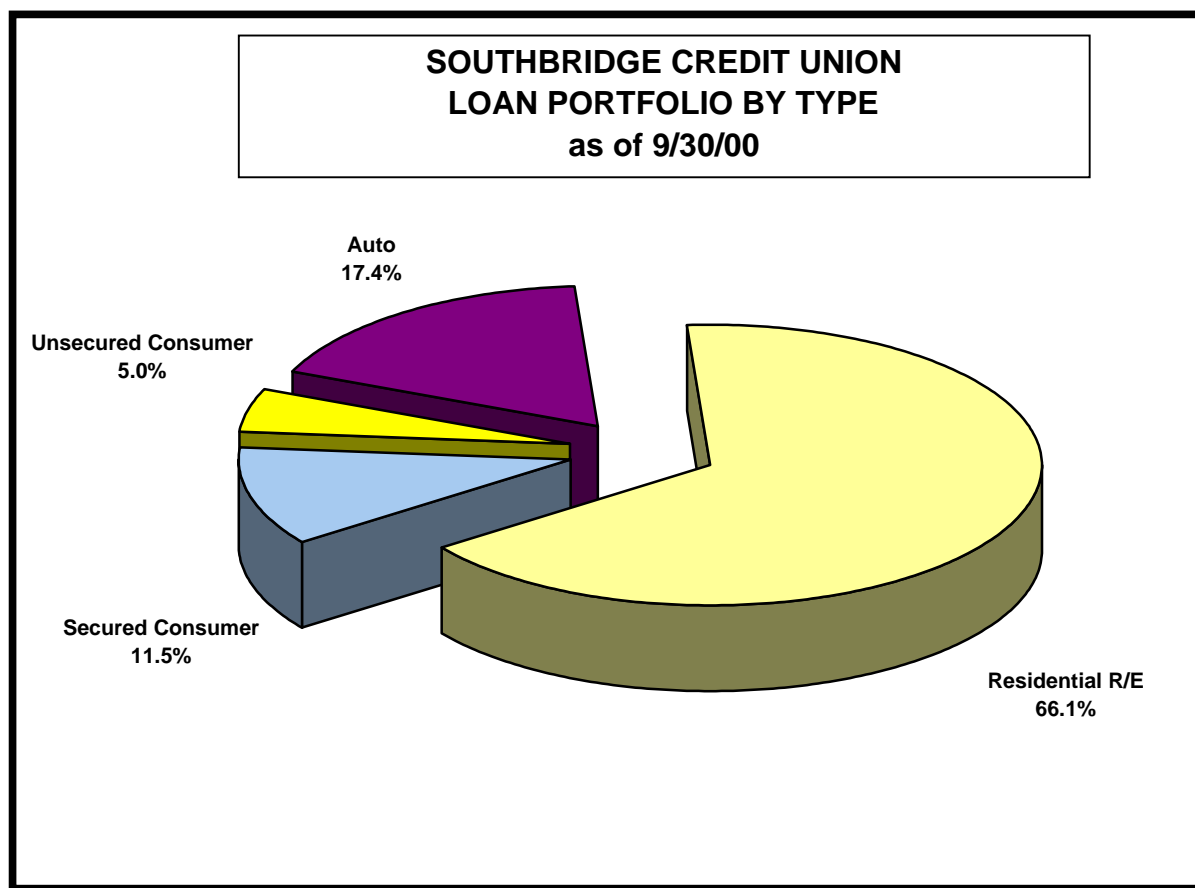
PERFORMANCE CONTEXT

Description of Institution

Southbridge Credit Union is a community credit union, incorporated under the laws of the Commonwealth of Massachusetts in 1938. Southbridge Credit Union is headquartered in Southbridge, Massachusetts, and operates three full service offices: the main office at the corner of Main and Everett Streets, a branch office located at 514 Main Street in Sturbridge, and a small branch office located within the former American Optical Plant in Southbridge. The credit union operates a limited service branch at Southbridge High School as well as a mortgage center, which is located at 222 Main Street in Southbridge, across the street from the credit union's main office.

As of September 30, 2000, Southbridge Credit Union had approximately \$132 million in assets, 56.8% of which are in the form of loans. The credit union offers residential loans, secured and unsecured personal loans and automobile loans. Residential lending represents the largest portion of the credit union's loan portfolio with 66.1%.

The following chart illustrates the composition of the loan portfolio.



Southbridge Credit Union is in direct competition with Southbridge Savings Bank and Savers Cooperative Bank, which are both located on Main Street in the center of Southbridge. Additionally, there are several other local competitors located within the credit union's assessment area including Webster Five Cents Savings Bank, Webster Cooperative Bank, Webster Credit Union, and Spencer Savings Bank, as well as several regional and national mortgage companies. The market influence from these institutions appears to be significant and, as a result, serves to keep the credit union's rates and services offered competitive.

Description of Assessment Area

Southbridge Credit Union defines its assessment area as the towns of Southbridge, Sturbridge, Charlton and Dudley, which are located within the Worcester Metropolitan Statistical Area (MSA). The Worcester MSA median Family Household Incomes (FHI) are \$51,000 for 1998, \$52,600 for 1999 and \$54,400 for 2000.

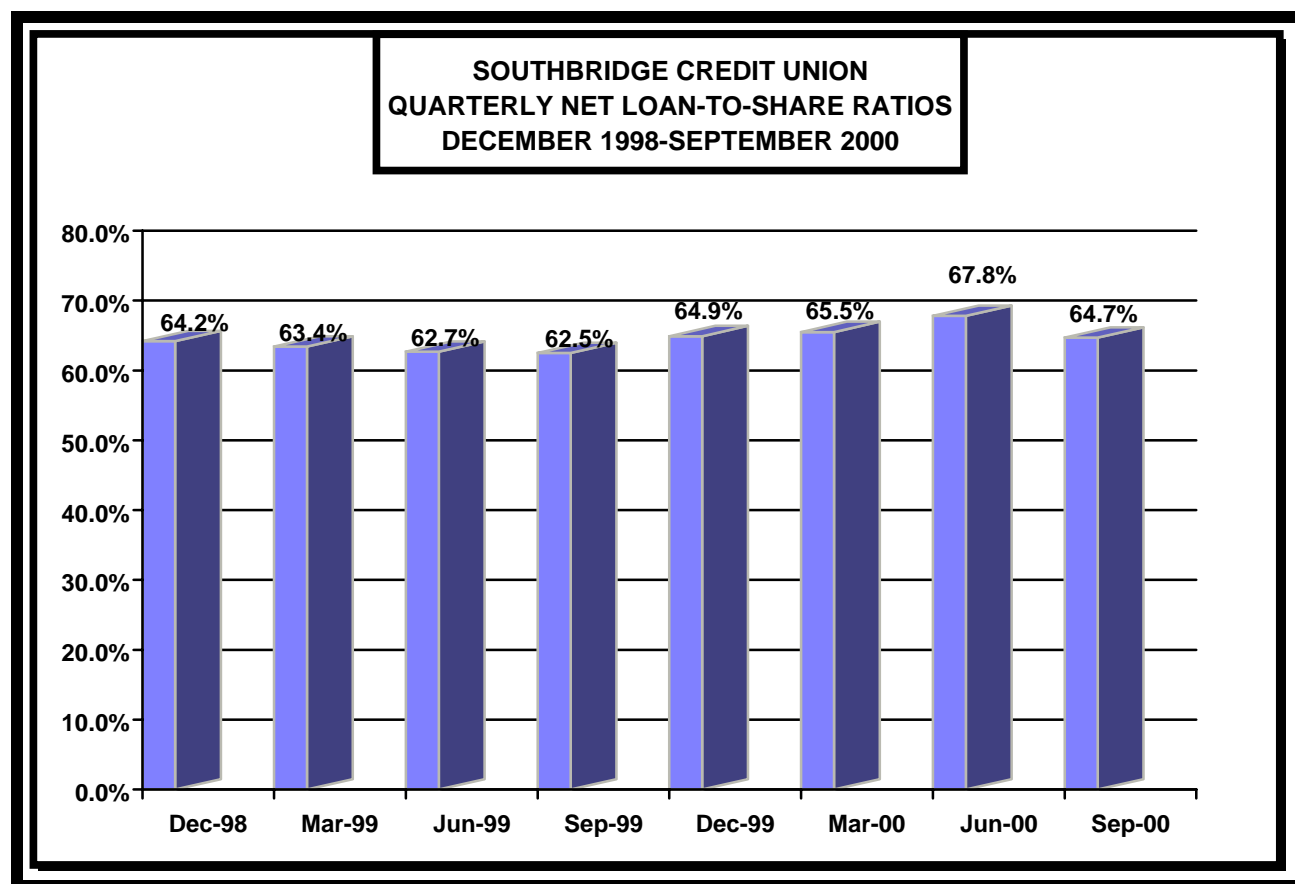
Based on 2000 HUD estimates, the residents of the assessment area had a Median Family Housing Income of \$40,230. According to 1990 Census Data, 8.7% of the assessment area's population lived below the poverty level compared to the statewide poverty level of 9.4% for the current exam period. The assessment area contains 16,224 occupied housing units of which 56.7% are owner-occupied. The median value of a home in the assessment area is \$129,471. Occupied rental units represent 35.1% of housing units with an average monthly rent of \$482.

PERFORMANCE CRITERIA

1. LOAN TO SHARE ANALYSIS

An analysis of Southbridge Credit Union's loan to share deposit ratio was performed. The calculation incorporated eight quarters of the credit union's net loans to total share deposit figures as reflected in the credit union's quarterly NCUA 5300 Reports. The quarters reviewed included the periods from December 1998 through September 30, 2000. The credit union's net loan to share deposit ratio, on average, was 64.4% during this period. This ratio has fluctuated from a low of 62.5% in September 1999 to a high of 67.8% in June 2000.

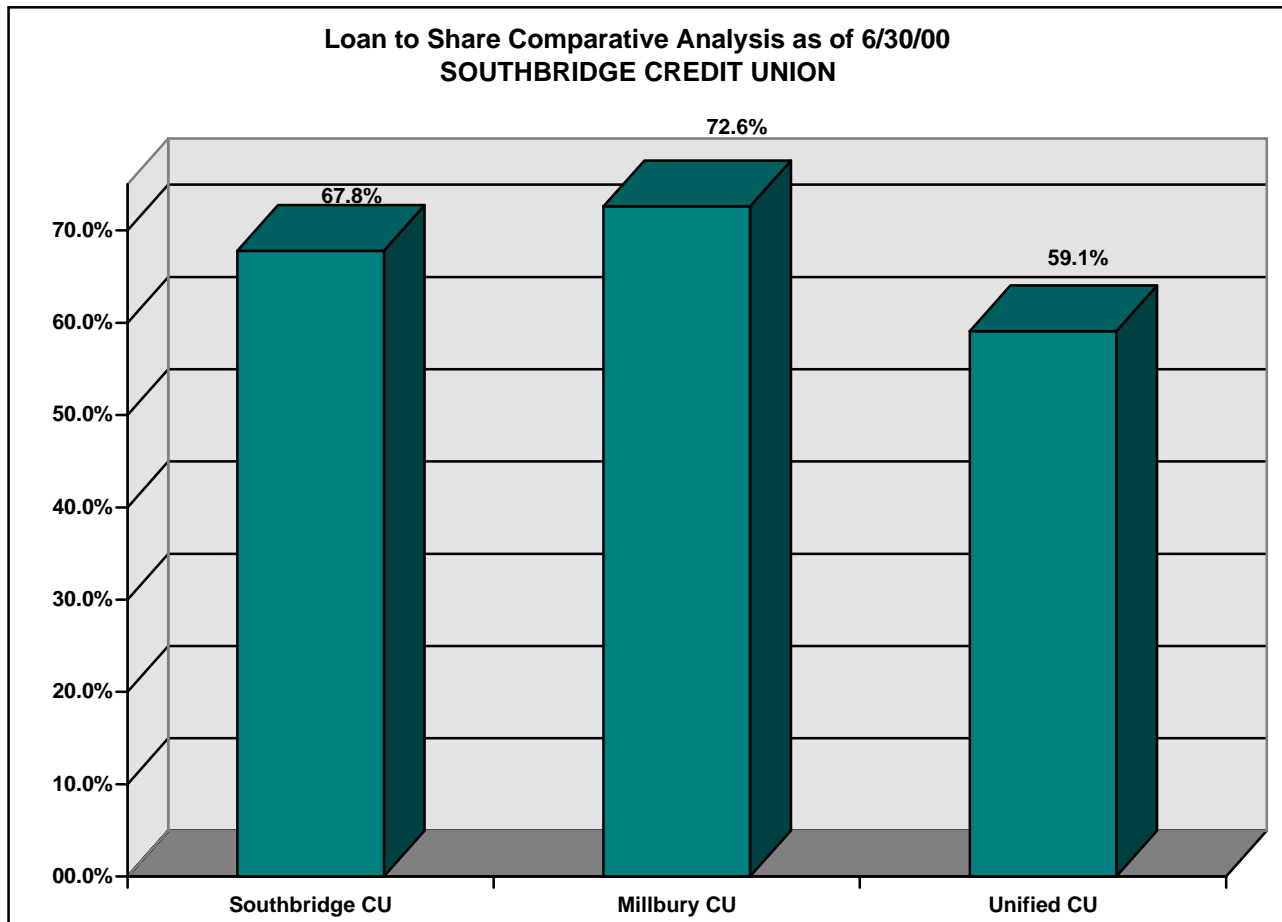
The following graph illustrates the loan-to-share trends.



Source: NCUA 5300 Call Reports

Net loans and deposits appear proportionate during this period. Net loans increased by 15.0 percent while deposits by 14.2 percent.

Southbridge Credit Union's loan-to-share ratio was also compared to other credit unions of similar asset size. This comparison was based on loan to share ratios as of June 30, 2000 and is reflected in the following graph.



Based on the above information, Southbridge Credit Union's net loan to share ratio appears reasonable. Therefore, the credit union meets the standards for satisfactory performance for this category.

2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA (S)

The second performance criterion examines on Southbridge Credit Union's record of lending within its assessment area. Both residential and consumer loan activity was analyzed to determine the credit union's performance for this criterion. The credit union's Home Mortgage Disclosure Act-Loan Application Register (HMDA-LAR) for 1998, 1999 and Y-T-D 2000 (November 14, 2000), and in-house consumer data were utilized in the analysis. HMDA reportable loans include all home purchase mortgages, refinances of home purchase mortgages, and home improvement loans.

According to this analysis, the credit union granted 328 mortgage loans totaling \$27.0 million during the period examined. Of these loans, 211 loans totaling \$16.3 million were granted inside the assessment area representing 64.3% by number and 60.2% by dollar amount.

The following tables detail the credit union's lending inside the assessment area. Lending activity outside its assessment area is shown in aggregate.

Residential Loans by Number of Originations

LOCATION	1998		1999		Y-T-D2000		TOTALS	
	#	%	#	%	#	%	#	%
SOUTHBRIDGE	36	31.6	38	28.3	22	27.5	96	29.3
STURBRIDGE	28	24.6	29	21.6	13	16.2	70	21.3
CHARLTON	10	8.8	8	6.0	6	7.5	24	7.3
DUDLEY	5	4.3	7	5.3	9	11.3	21	6.4
INSIDE ASSESSMENT AREA	79	69.3	82	61.2	50	62.5	211	64.3
OUTSIDE ASSESSMENT AREA	35	30.7	52	38.8	30	37.5	117	35.7
TOTALS	114	100%	134	100%	80	100%	328	100%

Source: HMDA/LAR for 1998, 1999 and Y-T-D November 14, 2000.

Residential Loans by Dollar Amount of Originations

LOCATION	1998		1999		Y-T-D2000		TOTALS	
	\$(000)	%	\$(000)	%	\$(000)	%	\$(000)	%
STURBRIDGE	2,380	28.5	2,461	23.1	1,163	14.4	6,004	22.2
SOUTHBRIDGE	2,048	24.7	2,129	20.1	1,582	19.6	5,759	21.3
DUDLEY	469	5.6	729	6.8	1,312	16.2	2,510	9.3
CHARLTON	561	6.7	715	6.7	738	9.1	2,014	7.4
INSIDE ASSESSMENT AREA	5,458	65.5	6,034	56.7	4,795	59.3	16,287	60.2
OUTSIDE ASSESSMENT AREA	2,875	34.5	4,601	43.3	3,300	40.7	10,776	39.8
TOTALS	8,333	100%	10,635	100%	8,095	100%	27,063	100%

Source: HMDA/LAR for 1998, 1999 and Y-T-D November 14, 2000.

The Town of Southbridge accounted for 29.3% of the total number of loans, followed by Sturbridge with 21.3%. Conversely, The Town of Sturbridge accounted for 22.2% of the total dollar amount and the Town of Southbridge ranked second with 21.3%.

CONSUMER LOANS

A sample of 75 consumer loans, totaling \$492,000, extended inside and outside of the assessment area for calendar years 1998, 1999 and year-to-date 2000 was reviewed. Of this sample, 49 loans, totaling \$332,000, were granted inside the assessment area, representing 65.3% by number and 67.5% by dollar amount.

The Town of Southbridge accounted for 46.7% of the number and 52.6% of the dollar amount of loans. Charlton ranked second with 9.3% and 8.7% respectively of the number and dollar amount. Refer to the following tables.

Consumer Loan Sampling by Number of Originations

LOCATION	1998		1999		Y-T-D 2000		TOTALS	
	#	%	#	%	#	%	#	%
SOUTHBRIDGE	12	48.0	9	36.0	14	56	35	46.7
CHARLTON	1	4.0	5	20.0	1	4.0	7	9.3
STURBRIDGE	1	4.0	5	20.0	0	0.0	6	8.0
DUDLEY	0	0.0	0	0.0	1	4.0	1	1.3
INSIDE ASSESSMENT AREA	14	56.0	19	76	16	64	49	65.3
OUTSIDE ASSESSMENT AREA	11	44.0	6	24.0	9	36.0	26	34.7
TOTALS	25	100%	25	100%	25	100%	75	100%

Source: In-House Files - Consumer

Consumer Loan Sampling by Dollar Amount of Originations

LOCATION	1998		1999		Y-T-D 2000		TOTALS	
	\$(000)	%	\$(000)	%	\$(000)	%	\$(000)	%

SOUTHBRIDGE	77	44.8	52	40.9	130	67.4	259	52.6
CHARLTON	7	4.1	30	23.6	6	3.1	43	8.7
STURBRIDGE	3	1.7	26	20.5	0	0.0	29	5.9
DUDLEY	0	0.0	0	0.0	1	0.5	1	0.3
INSIDE ASSESSMENT AREA	87	50.6	108	85.0	137	71.0	332	67.5
OUTSIDE ASSESSMENT AREA	85	49.4	19	15.0	56	29.0	160	32.5
TOTALS	172	100%	127	100%	193	100%	492	100%

Source: In-House Files - Consumer

The analysis of Southbridge Credit Union's loan distribution indicates that a majority of these loans were granted within the assessment area. Therefore, the institution meets the standards for satisfactory performance for this category.

3. DISTRIBUTION OF CREDIT AMONG DIFFERENT INCOME LEVELS

The third performance criterion evaluates the extent to which Southbridge Credit Union lends to members of different income levels within its assessment area. The following analysis of borrower income distribution for both residential loans and consumer loans granted in 1998, 1999 and Y-T-D 2000 demonstrates that the credit union's lending exceeds the standards for satisfactory performance.

Originations of residential and consumer loans were categorized by the ratio of the applicant's reported incomes to the 1998, 1999 and 2000 estimated median family incomes of the Worcester Metropolitan Statistical Area (MSA). The median family incomes for the Worcester MSA were \$51,000 for 1998, \$52,600 for 1999 and \$54,400 for 2000. Income figures were based on estimated 1998, 1999 and 2000 data from the Department of Housing and Urban Development (HUD).

Low income is defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA. Moderate-income is defined as income between 50 to 79 percent of the median family income level for the MSA. Middle-income is defined as income between 80 and 119 percent of the median family income level for the MSA. Upper-income is defined as income equal or greater than 120 percent of the median family income level for the MSA.

RESIDENTIAL LOANS

The following tables present the distribution of HMDA reportable lending within Southbridge Credit Union's assessment area, specifically as it relates to the number and dollar volume of loans originated by borrower income.

As indicated below, 8.5% of the total number of residential loans were granted to low-income borrowers, and 27.0% were granted to moderate-income borrowers. By dollar amount, 5.1% and 19.7% were extended to low and moderate-income individuals, respectively.

Residential Loan Originations by Income of Borrower by Number

% OF MEDIAN MSA INCOME	1998		1999		Y-T-D 2000		TOTAL	
	#	%	#	%	#	%	#	%
<50%	7	8.9	8	9.8	3	6.0	18	8.5
50% - 79%	22	27.8	25	30.5	10	20.0	57	27.0
80% - 119\$	23	29.1	21	25.6	18	36.0	62	29.4
>=120%	25	31.7	26	31.7	19	38.0	70	33.2
NA	2	2.5	2	2.4	0	0	4	1.9
TOTAL	79	100%	82	100%	50	100%	211	100%

Source: HMDA/LAR for 1998, 1999 and Y-T-D November 14, 2000.

Residential Loan Originations by Income of Borrower by Dollar Amount

% OF MEDIAN MSA INCOME	1998		1999		Y-T-D 2000		TOTAL	
	\$(000)	%	\$(000)	%	\$(000)	%	\$(000)	%
<50%	374	6.9	391	6.5	62	1.3	827	5.1
50% - 79%	1,466	26.8	1,165	19.3	581	12.1	3,212	19.7
80% - 119%	1,306	23.9	1,502	24.9	1,637	34.1	4,445	27.3
>=120%	2,209	40.5	2,876	47.7	2,515	52.5	7,600	46.7
NA	103	1.9	100	1.6	0	0.0	203	1.2
TOTAL	5,458	100%	6,034	100%	4,795	100%	16,287	100%

Source: HMDA/LAR for 1998, 1999 and Y-T-D November 14, 2000.

Southbridge Credit Union's residential lending performance was also compared to that of other financial institutions that granted mortgage loans within the assessment area during 1999 (the most recent information available from PCI Service, CRA Wiz). According to this comparison, all HMDA other reporting lenders within the institution's assessment area, granted 20.4% of their loans to low and moderate-income individuals compared to the credit union with 40.3%. This percentage is significant when taking into consideration that there are no low-income census tracts within the credit union's assessment area. Refer to the following table.

Southbridge Credit Union Compared to all Other HMDA-Reporting Lenders

Family Income Level	Number of Loans				Dollars in Loans (000's)			
	Southbridge Credit Union		All Other Reporters		Southbridge Credit Union		All Other Reporters	
	#	%	#	%	\$(000)	%	\$(000)	%
Low	8	9.8	76	4.1	391	6.5	4,496	2.5
Moderate	25	30.5	304	16.3	1,165	19.3	23,642	13.0
Middle	21	25.6	560	29.9	1,502	24.9	52,639	28.8
Upper	26	31.7	686	36.7	2,876	47.7	80,129	43.9
N/A	2	2.4	244	13.0	100	1.6	21,606	11.8
Total	82	100%	1,870	100%	6,034	100%	182,512	100%

Source: 1999 Aggregate HMDA Data compiled by PCI Services, Inc. CRA WIZ

Based on 1999 loan data, Southbridge Credit Union was ranked third in lending to low and moderate-income borrowers inside its assessment area.

CONSUMER LOANS

The credit union's distribution of consumer loans was also analyzed to determine the distribution of loans among borrowers of different income levels. This analysis was based on a sample of 49 consumer loans originated by the credit union in 1998, 1999 and year to date 2000. According to this analysis, 35.0% of the number and 20.5% of the dollar amount of the credit union's consumer loans were granted to low-income borrowers. Moderate-income borrowers accounted for 37.0% of the number and 43.4% of the dollar amount of consumer loans. Refer to the following tables.

Consumer Loan Origination Sample by Income of Borrower by Number

% OF MEDIAN MSA INCOME	1998		1999		Y-T-D 2000		TOTAL	
			#	%	#	%	#	%
<50%	4	29.0	6	32.0	7	44.0	17	35.0
50% - 79%	5	35.0	9	47.0	4	25.0	18	37.0
80% - 119%	4	29.0	3	16.0	5	31.0	12	24.0

>=120%	1	7.0	1	5.0	0	0.0	2	4.0
TOTAL	14	100%	19	100%	16	100%	49	100%

Source: In-House Files

Consumer Loan Origination Sample by Income of Borrower by Dollar Amount

% OF MEDIAN MSA INCOME	1998		1999		Y-T-D 2000		TOTAL	
	\$(000)	%	\$(000)	%	\$(000)	%	\$(000)	%
<50%	23	26.0	13	12.0	32	23.4	68	20.5
50% - 79%	30	34.0	72	67.0	42	30.6	144	43.4
80% - 119%	32	38.0	21	19.0	63	46.0	116	34.9
>=120%	2	2.0	2	2.0	0	0.0	4	1.2
TOTAL	87	100%	108	100%	137	100%	332	100%

Source: In-House Files

It should be stated that consumer loans typically consider the income of only one borrower. Therefore, the percentage of loans to low and moderate income borrowers is higher than that of residential mortgage originations, where the income is usually the result of combined incomes. Nevertheless the analysis reveals that the credit union is willing to lend to borrowers of all income levels. Based on the analysis of the credit union's residential and consumer loans, the credit union exceeds the standards for satisfactory performance for this category.

4. GEOGRAPHIC DISTRIBUTION OF LOANS

Lending activity within the credit union's assessment area was also reviewed to determine the distribution of loans among census tracts of different income levels by census tracts. This analysis did not include a review of consumer lending by census tract income level, as the credit union is not required to collect and maintain census tract information on its consumer loans.

The credit union's assessment area includes 5 middle-income census tracts and 4 moderate-income census tracts. There are no low or upper-income census tracts.

According to this analysis, the credit union granted 18.0% of the number and 14.2% of the dollar amount of its residential loans in moderate-income tracts. Refer to the following tables.

Residential Loan Originations by Census Tract by Number

CENSUS TRACT	1998		1999		Y-T-D 2000		TOTAL	
	#	%	#	%	#	%	#	%
MODERATE	10	12.7	19	23.2	9	18.0	38	18.0
MIDDLE	69	87.3	63	76.8	41	82.0	173	82.0
TOTAL	79	100%	82	100%	50	100%	211	100%

Source: HMDA/LAR for 1998, 1999 and Y-T-D November 14, 2000.

Residential Loan Originations by Census Tract by Dollar Amount

CENSUS TRACT	1998		1999		Y-T-D 2000		TOTAL	
	\$(000)	%	\$(000)	%	\$(000)	%	\$(000)	%
MODERATE	557	10.2	970	16.1	785	16.4	2,312	14.2
MIDDLE	4,901	89.8	5,064	83.9	4,010	83.6	13,975	85.8
TOTAL	5,458	100%	6,034	100%	4,795	100%	16,287	100%

Source: HMDA/LAR for 1998, 1999 and Y-T-D November 14, 2000.

The credit union's geographic distribution of loans was compared to the aggregate distribution for all other HMDA lenders. This comparison also included the distribution of 1-4 family owner-occupied dwellings within the assessment area.

Refer to the following table.

Comparison of the Credit Union's Census Tract Distribution to Aggregate Data										
CENSUS TRACT INCOME CATEGORY	1-4 FAMILY OWNER-OCCUPIED PROPERTIES*		SOUTHBRIDGE CREDIT UNION 1999				AGGREGATE DATA** 1999			
			NUMBER OF LOANS		DOLLAR AMOUNT		NUMBER OF LOANS		DOLLAR AMOUNT	
	#	%	#	%	\$(000)	%	#	%	\$(000)	%
MODERATE	2,014	20.1	19	23.2	970	16.1	291	15.6	22,889	12.5
MIDDLE	8,004	79.9	63	76.8	5,064	83.9	1,579	84.4	159,623	87.5
TOTAL	10,018	100%	82	100	6,034	100%	1,870	100%	182,512	100%

Source: *1990 Census Data, **HMDA/LAR Data, PCI Services, Inc. CRA WIZ

Southbridge Credit Union's distribution of residential loans to moderate-income census tracts exceeds the aggregate HMDA lenders' performance. The credit union granted 23.2% of the number and 16.1% of the dollar amount of its residential loans in moderate-income census tracts compared to the aggregate with 15.6% by number and 12.5% by dollar amount.

Based on the above analysis, Southbridge Credit Union's geographic distribution of residential loan originations is more than reasonable. Therefore, the institution exceeds the standards for satisfactory performance for this category.

5. REVIEW OF COMPLAINTS AND FAIR LENDING POLICIES AND PRACTICES

Southbridge Credit Union (SCU) received no complaints concerning its CRA performance for the period reviewed. The credit union's Fair Lending Policy was last revised and approved by the Board of Directors on June 20, 2000. This policy is considered adequate and addresses the guidelines set forth in the Division of Bank's Regulatory Bulletin 2.3-101.

STAFF TRAINING

A lending officer attended a seminar, "Compliance with Lending Regulations" which included topics and discussions on Truth in Lending and Equal Credit Opportunity. Also, the credit union contracted with Wolfe and Company to conduct a compliance review and training session. The review included Reg. B, Reg. C, Reg. Z and Fair Credit and Fair Housing issues. Southbridge Credit Union also has a library of Compliance Videos which are available to all staff. The mortgage department staff views these videos periodically. CRA related videos include "Lending Law Update", "Fair Lending Snapshot", "Government Monitoring Info", and "Changes in Lending Compliance".

STAFF COMPOSITION

Southbridge Credit Union's staff consists of fifty full-time and five part-time employees. There are four minority employees. There are also several employees bilingual in the Spanish language.

OUTREACH

The credit union has developed relationships with area realtors to assess the credit needs of the community. Efforts are also made to establish communication with members and prospective members through whom lending needs could be evaluated.

CREDIT PRODUCTS AND UNDERWRITING STANDARDS

The credit union offers residential products which include first mortgages (conventional, first time home buyers program, construction, and non-conforming), second mortgages, and equity lines of credit. The non-conforming first mortgages allow for credit explanations and higher debt/income ratios (36%/45%).

MARKETING

Southbridge Credit Union utilizes various advertising and promotional activities to inform all segments of the assessment area about its products and services. Products and services are advertised in local newspapers including the Southbridge News, Worcester Telegram and Gazette (Southern and Western Edition), Spencer New Leader, Brookfield Citizen, and The Charlton Gazette. The credit union also advertises on the radio station WESO (AM) in Southbridge, and has a website www.SBGECU.org where information on products and services is available.

CREDIT EDUCATION

Southbridge Credit Union has not sponsored any first time homebuyer seminars. However, the credit union provides interested members with a "Home Buying Workbook" (available in English and Spanish) as well as brochures, rate sheets, etc. The credit union also has two first time homebuyer videos available for viewing, and provides pre-qualifications to help members determine a price range that is affordable. Further, the institution aids members in setting budgets or answering questions concerning credit issues or debt consolidation.

COUNSELING

The credit union provides members who have delinquent mortgage payments with a list of outside credit counseling services. SCU refers elderly customers to the Homeowners Options for Massachusetts Elders (H.O.M.E) which assists Massachusetts's elder homeowners of low or moderate income to make informed housing decisions that will allow them to stay in their homes.

SECOND REVIEW PRACTICES

The Credit Committee reviews all denied applications on a regular basis. Recommendations presented to the credit committee are reviewed on an individual basis to ensure that underwriting criteria have been properly and fairly applied and that all compensating factors have been taken into account and applied consistently.

INTERNAL CONTROL PROCEDURES

The credit union's internal auditors review HMDA/LAR on a periodic basis for compliance and accuracy. All problems reflected in the findings are addressed immediately. Completed HMDA reports are submitted to the CRA Officer for annual review.

MINORITY APPLICATION FLOW

A review of residential loan applications was conducted in order to determine the number of applications the credit union received from minorities. As of the 1990 U.S. Census, the credit union's assessment area has a population of 44,708, of which 3,346 individuals or 7.5% were members of a minority group. The assessment area's minority population is Native American (0.2%), Asian (1.1%), Black (0.3%), Hispanic (5.8%), and Other (0.1%).

From January 1, 1998, through November 14, 2000, the credit union received 29 applications (10.0%) from minorities. Of the 29 minority applications received, 22 or 75.9% were originated. Southbridge Credit Union's minority application flow levels for 1999 were compared to all other HMDA-reporting lenders. This data indicated that the credit union received 14.0% of its applications from minority applicants compared to 5.1% for all other lenders. The following table compares the institution's minority application flow for 1999 to the aggregate HMDA lenders 1999 data.

MINORITY APPLICATION FLOW				
RACE	1999 AGGREGATE DATA		SOUTHBRIDGE CREDIT UNION 1999	
	#	%	#	%
Native American	3	0.1	0	0.0
Asian	13	0.4	0	0.0
Black	11	0.4	0	0.0
Hispanic	77	2.7	6	6.5
Joint Race	33	1.1	7	7.5
Other	10	0.3	0	0.0
TOTAL MINORITY	147	5.1	13	14.0
White	1,937	66.9	80	86.0
NA	811	28.0	0	0.0
TOTAL	2,895	100%	93	100%

*Source: PCI Services, Inc., CRA Wiz Software.

The credit union's minority application flow (14.0%) is significantly higher than the aggregate performance of other lenders (5.1%) in 1999, an indication that the institution is attracting minority applicants for residential loans at a reasonable level.

Based on the above information, Southbridge Credit Union's record of developing and implementing fair lending policies and practices meets the standards for satisfactory performance.

THE COMMONWEALTH OF MASSACHUSETTS

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

SOUTHBRIDGE CREDIT UNION

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **NOVEMBER 14, 2000**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

_____	_____
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A majority of the Board of Directors/Trustees

Dated at _____ this _____ day of _____ 20 ____

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one assessment area, each office (other than off-premises electronic deposit facilities) in that assessment area shall also include the address of the designated office for that assessment area.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.